

HOUSE BILL 1388

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R4

2001 Regular Session
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By: **Delegates Riley and Glassman**
Introduced and read first time: February 23, 2001
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws - Insurance Claim Settlements - Salvage**

3 FOR the purpose of exempting from the definition of salvage a vehicle for which
4 possession is retained by the owner at the conclusion of a claim settlement by an
5 insurance company; altering the requirements for an insurance company to
6 notify the Motor Vehicle Administration when the company makes a claim
7 settlement on a vehicle that is salvage and retained by the owner; requiring a
8 certain notice that a vehicle is salvage to be accompanied by the title to the
9 vehicle and a certain fee; requiring a certain notice that a vehicle is salvage to
10 include a certain statement by the insurance company; requiring the
11 Administration to take certain actions upon receiving a certain notice that a
12 vehicle is salvage; requiring the Administration to issue a new title for a certain
13 vehicle after a certain inspection; and generally relating to salvage vehicles.

14 BY repealing and reenacting, with amendments,
15 Article - Transportation
16 Section 11-152 and 13-506
17 Annotated Code of Maryland
18 (1999 Replacement Volume and 2000 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - Transportation**

22 11-152.

23 (A) "Salvage" means any vehicle that:

24 (1) Has been damaged by collision, fire, flood, accident, trespass, or other
25 occurrence to the extent that the cost to repair the vehicle for legal operation on a
26 highway exceeds the fair market value of the vehicle prior to sustaining the damage;

27 (2) Has been acquired by an insurance company as a result of a claim
28 settlement; or

1 (3) Has been acquired by an automotive dismantler and recycler:

2 (i) As an abandoned vehicle, as defined under § 25-201 of this
3 article; or

4 (ii) For rebuilding or for use as parts only.

5 (B) FOR PURPOSES OF THIS SECTION, A VEHICLE HAS NOT BEEN ACQUIRED
6 BY AN INSURANCE COMPANY IF AN OWNER RETAINS POSSESSION OF THE VEHICLE
7 UPON SETTLEMENT OF A CLAIM CONCERNING THE VEHICLE BY THE INSURANCE
8 COMPANY.

9 13-506.

10 (a) (1) A salvage certificate shall be issued in accordance with the provisions
11 of this section.

12 (2) A salvage certificate issued under this section shall:

13 (i) Be issued in the name of the applicant; and

14 (ii) Serve as an ownership document.

15 (A-1) FOR PURPOSES OF THIS SECTION, A VEHICLE HAS NOT BEEN ACQUIRED
16 BY AN INSURANCE COMPANY IF AN OWNER RETAINS POSSESSION OF THE VEHICLE
17 UPON SETTLEMENT OF A CLAIM CONCERNING THE VEHICLE BY THE INSURANCE
18 COMPANY.

19 (b) The Administration shall issue a salvage certificate:

20 (1) To an insurance company that:

21 (i) Is licensed to insure automobiles in this State;

22 (ii) Acquires a vehicle as the result of a claim settlement; and

23 (iii) Within 10 days after the date of settlement, applies for a
24 salvage certificate as provided in subsection (c) of this section;

25 (2) To an automotive dismantler and recycler that:

26 (i) Acquires a salvage vehicle from a source other than an
27 insurance company licensed to insure automobiles in this State;

28 (ii) Acquires a salvage vehicle by a means other than a transfer of a
29 salvage certificate; and

30 (iii) Applies for a salvage certificate as provided in subsection (d) of
31 this section; or

32 (3) To any other person who:

1 (i) Acquires or retains ownership of a vehicle that is salvage, as
2 defined in § 11-152 of this article;

3 (ii) Applies for a salvage certificate on a form provided by the
4 Administration; and

5 (iii) Pays a fee established by the Administration.

6 (c) (1) An insurance company shall apply for a salvage certificate on a form
7 provided by the Administration for each vehicle titled in the State that is acquired as
8 a result of a claim settlement arising from an accident that occurred in the State.

9 (2) The application under paragraph (1) of this subsection shall be
10 accompanied by:

11 (i) The certificate of title of the vehicle;

12 (ii) A statement by the insurance company that:

13 1. The cost to repair the vehicle for highway operation is
14 greater than the fair market value of the vehicle prior to sustaining the damage for
15 which the claim was paid;

16 2. The cost to repair the vehicle for highway operation is
17 equal to or less than the fair market value of the vehicle prior to sustaining the
18 damage for which the claim was paid;

19 3. The vehicle is not rebuildable, will be used for parts only,
20 and is not to be retitled; or

21 4. The vehicle has been stolen; and

22 (iii) A fee established by the Administration.

23 (3) Subject to the provisions of § 13-507(c)(2) of this subtitle, a salvage
24 certificate issued under this paragraph shall contain a conspicuous notation by the
25 Administration that describes which of the statements under paragraph (2)(ii) of this
26 subsection applies to the vehicle.

27 (d) (1) An automotive dismantler and recycler may apply for a salvage
28 certificate on a form provided by the Administration.

29 (2) The application under paragraph (1) of this subsection shall be
30 accompanied by:

31 (i) The document through which ownership of the vehicle was
32 acquired; and

33 (ii) A fee established by the Administration.

1 (e) (1) An insurance company shall promptly notify the Administration
2 when the company makes a claim settlement on a vehicle that is salvage if:

3 (i) The vehicle is [4] 7 model years old or newer; and

4 (ii) The owner retains possession of the vehicle.

5 (2) The notice under paragraph (1) of this subsection shall [provide the]
6 BE ACCOMPANIED BY THE TITLE TO THE VEHICLE AND A FEE ESTABLISHED BY THE
7 ADMINISTRATION AND SHALL INCLUDE:

8 (I) THE name of the vehicle's owner and a description of the vehicle;
9 AND

10 (II) A STATEMENT BY THE INSURANCE COMPANY THAT:

11 1. THE COST TO REPAIR THE VEHICLE FOR HIGHWAY
12 OPERATION IS GREATER THAN THE FAIR MARKET VALUE OF THE VEHICLE PRIOR TO
13 SUSTAINING THE DAMAGE FOR WHICH THE CLAIM WAS PAID; OR

14 2. THE VEHICLE IS NOT REBUILDABLE, WILL BE USED FOR
15 PARTS ONLY, AND IS NOT TO BE RETITLED.

16 (3) On receipt of the notice under paragraph (1) of this subsection, the
17 Administration shall:

18 (i) Record that the vehicle has been declared salvage; and

19 (ii) 1. [Send] IN THE CASE OF A VEHICLE DESCRIBED IN
20 PARAGRAPH (2)(II)1 OF THIS SUBSECTION, SEND a notice to the owner of the vehicle
21 that the vehicle registration [may not be renewed until] WILL BE SUSPENDED
22 UNLESS the owner submits proof satisfactory to the Administration that the vehicle
23 has been inspected FOR SAFETY, in compliance with [§ 13-507 of this subtitle] TITLE
24 23 OF THIS ARTICLE, WITHIN 90 DAYS OF THE DATE OF THE NOTICE; OR

25 2. IN THE CASE OF A VEHICLE DESCRIBED IN PARAGRAPH
26 (2)(II)2 OF THIS SUBSECTION:

27 A. ISSUE A SALVAGE CERTIFICATE TO THE OWNER OF THE
28 VEHICLE; AND

29 B. SEND A NOTICE TO THE OWNER OF THE VEHICLE THAT
30 THE VEHICLE REGISTRATION HAS BEEN SUSPENDED AND DIRECTING THAT THE
31 VEHICLE'S REGISTRATION PLATES BE RETURNED IMMEDIATELY TO THE
32 ADMINISTRATION.

33 (4) IN ACCORDANCE WITH § 13-507 OF THIS SUBTITLE, AFTER A
34 SALVAGE VEHICLE HAS BEEN INSPECTED FOR SAFETY IN ACCORDANCE WITH TITLE
35 23 OF THIS ARTICLE, THE ADMINISTRATION SHALL SEND A NEW TITLE FOR THE
36 VEHICLE TO THE OWNER.

1 (f) The Administration shall maintain records to indicate that a vehicle:

2 (1) Was transferred as salvage; and

3 (2) May not be titled or registered for operation in this State except in
4 accordance with § 13-507 of this subtitle.

5 (g) The Administration shall establish a fee for a duplicate salvage certificate.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 July 1, 2001.